

SB137\_L.002

## SENATE COMMITTEE OF REFERENCE AMENDMENT

Committee on Health & Human Services.SB13-137 be amended as follows:

1 Amend printed bill, strike everything below the enacting clause and  
2 substitute:

3 "SECTION 1. In Colorado Revised Statutes, add 25.5-1-114.5  
4 as follows:

5 25.5-1-114.5. Medicaid fraud detection - request for  
6 information. (1) IN ENACTING THIS SECTION, THE GENERAL ASSEMBLY  
7 INTENDS TO:

8 (a) IMPLEMENT WASTE, FRAUD, AND ABUSE DETECTION,  
9 PREVENTION, AND RECOVERY SOLUTIONS TO IMPROVE PROGRAM  
10 INTEGRITY IN THE STATE'S MEDICAID PROGRAM AND CREATE EFFICIENCY  
11 AND COST SAVINGS THROUGH A SHIFT FROM A RETROSPECTIVE "PAY AND  
12 CHASE" MODEL TO A PROSPECTIVE PREPAYMENT MODEL; AND

13 (b) INVEST IN THE MOST COST-EFFECTIVE TECHNOLOGIES OR  
14 STRATEGIES THAT YIELD THE HIGHEST RETURN ON INVESTMENT.

15 (2) BY SEPTEMBER 30, 2013, THE STATE DEPARTMENT SHALL ISSUE  
16 A REQUEST FOR INFORMATION TO SEEK INPUT FROM POTENTIAL  
17 CONTRACTORS ON CAPABILITIES THAT THE STATE DEPARTMENT DOES NOT  
18 CURRENTLY POSSESS, FUNCTIONS THAT THE STATE DEPARTMENT IS NOT  
19 CURRENTLY PERFORMING, AND THE COST STRUCTURES ASSOCIATED WITH  
20 IMPLEMENTING:

21 (a) ADVANCED PREDICTIVE MODELING AND ANALYTICS  
22 TECHNOLOGIES TO PROVIDE A COMPREHENSIVE AND ACCURATE VIEW  
23 ACROSS ALL PROVIDERS, RECIPIENTS, AND GEOGRAPHIC LOCATIONS WITHIN  
24 THE MEDICAID PROGRAM IN ORDER TO:

25 (I) IDENTIFY AND ANALYZE THOSE BILLING AND UTILIZATION  
26 PATTERNS THAT REPRESENT A HIGH RISK OF FRAUDULENT ACTIVITY;

27 (II) BE EASILY INTEGRATED INTO THE EXISTING MEDICAID  
28 PROGRAM CLAIMS OPERATIONS;

29 (III) UNDERTAKE AND AUTOMATE SUCH ANALYSIS BEFORE  
30 PAYMENT IS MADE TO MINIMIZE DISRUPTIONS TO STATE DEPARTMENT  
31 OPERATIONS AND SPEED CLAIM RESOLUTION;

32 (IV) PRIORITIZE THE IDENTIFIED TRANSACTIONS FOR ADDITIONAL  
33 REVIEW BEFORE PAYMENT IS MADE BASED UPON THE LIKELIHOOD OF  
34 POTENTIAL WASTE, FRAUD, OR ABUSE;

35 (V) OBTAIN OUTCOME INFORMATION FROM ADJUDICATED CLAIMS  
36 TO ALLOW FOR REFINEMENT AND ENHANCEMENT OF THE PREDICTIVE  
37 ANALYTICS TECHNOLOGIES BASED ON HISTORICAL DATA AND ALGORITHMS

1 WITH THE SYSTEM; AND

2 (VI) PREVENT THE PAYMENT OF CLAIMS FOR REIMBURSEMENT  
3 THAT HAVE BEEN IDENTIFIED AS POTENTIALLY WASTEFUL, FRAUDULENT,  
4 OR ABUSIVE UNTIL THE CLAIMS HAVE BEEN AUTOMATICALLY VERIFIED AS  
5 VALID;

6 (b) PROVIDER AND RECIPIENT DATA VERIFICATION AND SCREENING  
7 TECHNOLOGY SOLUTIONS, WHICH MAY USE PUBLICLY AVAILABLE  
8 RECORDS, FOR THE PURPOSES OF AUTOMATING REVIEWS AND IDENTIFYING  
9 AND PREVENTING INAPPROPRIATE PAYMENTS BY:

10 (I) IDENTIFYING ASSOCIATIONS BETWEEN PROVIDERS,  
11 PRACTITIONERS, AND BENEFICIARIES THAT INDICATE RINGS OF COLLUSIVE  
12 FRAUDULENT ACTIVITY; AND

13 (II) DISCOVERING RECIPIENT ATTRIBUTES THAT INDICATE  
14 IMPROPER ELIGIBILITY, INCLUDING BUT NOT LIMITED TO DEATH,  
15 OUT-OF-STATE RESIDENCY, INAPPROPRIATE ASSET OWNERSHIP, OR  
16 INCARCERATION; AND

17 (c) FRAUD INVESTIGATION SERVICES THAT COMBINE  
18 RETROSPECTIVE CLAIMS ANALYSIS AND PROSPECTIVE WASTE, FRAUD, OR  
19 ABUSE DETECTION TECHNIQUES. THESE SERVICES MUST INCLUDE  
20 ANALYSIS OF HISTORICAL CLAIMS DATA, MEDICAL RECORDS, SUSPECT  
21 PROVIDER DATABASES, AND HIGH-RISK IDENTIFICATION LISTS, AS WELL AS  
22 DIRECT RECIPIENT AND PROVIDER INTERVIEWS. EMPHASIS MUST BE  
23 PLACED ON PROVIDING EDUCATION TO PROVIDERS AND ALLOWING THEM  
24 THE OPPORTUNITY TO REVIEW AND CORRECT ANY PROBLEMS IDENTIFIED  
25 PRIOR TO ADJUDICATION.

26 (3) THE STATE DEPARTMENT IS ENCOURAGED TO USE THE RESULTS  
27 OF THE REQUEST FOR INFORMATION TO CREATE FORMAL REQUESTS FOR  
28 PROPOSALS TO CARRY OUT THE WORK IDENTIFIED IN THIS SECTION IF THE  
29 FOLLOWING CONDITIONS ARE MET:

30 (a) THE STATE DEPARTMENT EXPECTS TO GENERATE STATE  
31 SAVINGS BY PREVENTING FRAUD, WASTE, AND ABUSE;

32 (b) THIS WORK CAN BE INTEGRATED INTO THE STATE  
33 DEPARTMENT'S CURRENT MEDICAID OPERATIONS WITHOUT CREATING  
34 ADDITIONAL COSTS TO THE STATE; AND

35 (c) THE REVIEWS OR AUDITS ARE NOT ANTICIPATED TO DELAY OR  
36 IMPROPERLY DENY THE PAYMENT OF LEGITIMATE CLAIMS TO PROVIDERS.

37 (4) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE  
38 SAVINGS ACHIEVED THROUGH THIS SECTION MUST MORE THAN COVER THE  
39 COST OF IMPLEMENTATION AND ADMINISTRATION. THEREFORE, TO THE  
40 EXTENT POSSIBLE, TECHNOLOGY SERVICES USED IN CARRYING OUT THIS  
41 SECTION MUST BE SECURED USING THE SAVINGS GENERATED BY THE

1 PROGRAM, WITH THE STATE'S DIRECT COST FUNDED THROUGH THE ACTUAL  
2 SAVINGS ACHIEVED.

3 **SECTION 2. Act subject to petition - effective date.** This act  
4 takes effect at 12:01 a.m. on the day following the expiration of the  
5 ninety-day period after final adjournment of the general assembly (August  
6 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a  
7 referendum petition is filed pursuant to section 1 (3) of article V of the  
8 state constitution against this act or an item, section, or part of this act  
9 within such period, then the act, item, section, or part will not take effect  
10 unless approved by the people at the general election to be held in  
11 November 2014 and, in such case, will take effect on the date of the  
12 official declaration of the vote thereon by the governor."

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